

# ***RETIREMENT***

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# Retirement Planning

	Years	Benefits	TSP	Deposits	Estimates
Early Career	25 +	Enroll	Enroll and adjust	Pay Civ and military	
Mid Career	10-24	Review and Adjust	Review and Adjust	Continue to pay	
Late Career	<10	Review and Adjust	Review and adjust	Continue to pay	Use on line calculators
Imminent	<5	Review and Adjust	Review and Maximize	Continue to pay	Request from ABC-C

# Civil Service Retirement System (CSRS)

## *Applies to...*

**New employees first hired in a covered position prior to 1-JAN-1984**

- **Oldest of the retirement systems**
- **Employees and government each contribute 7% of employee's basic annual pay**
- **Employees may also contribute an unmatched amount to Thrift Savings Plan do not get government matching contributions**



# Civil Service Retirement System-Interim (CSRS-Interim)

*Applies to...*

**Employees first hired on/after 1-JAN-1984 and certain rehires**

- **Reduced CSRS contribution rate of 1.3%**
- **Contributes to Social Security**

## **1-JAN-1987 CSRS Interim Coverage change...**

<b>CSRS -Offset</b>	<b>5 years of civilian service</b>
<b>FERS</b>	<b>Less than 5 years of civilian service</b>

# Civil Service Retirement System - Component

## *Applies to...*

If you have civilian service prior to your election of FERS and

- The service was subject to CSRS retirement deductions, **or** Social Security deductions (but not both) and
- The total of these 2 types of service is 5 years or more
- This period of service is called a CSRS component, and that portion of your retirement annuity, or civilian deposit, etc. will be calculated using CSRS rules

# Federal Employee's Retirement System (FERS)

*Only retirement system available to...*

- New employees hired on/after 1 Jan 1987, and
- Prior service employees after a break of over 365 days – but not eligible for CSRS-Offset

## CONTRIBUTIONS

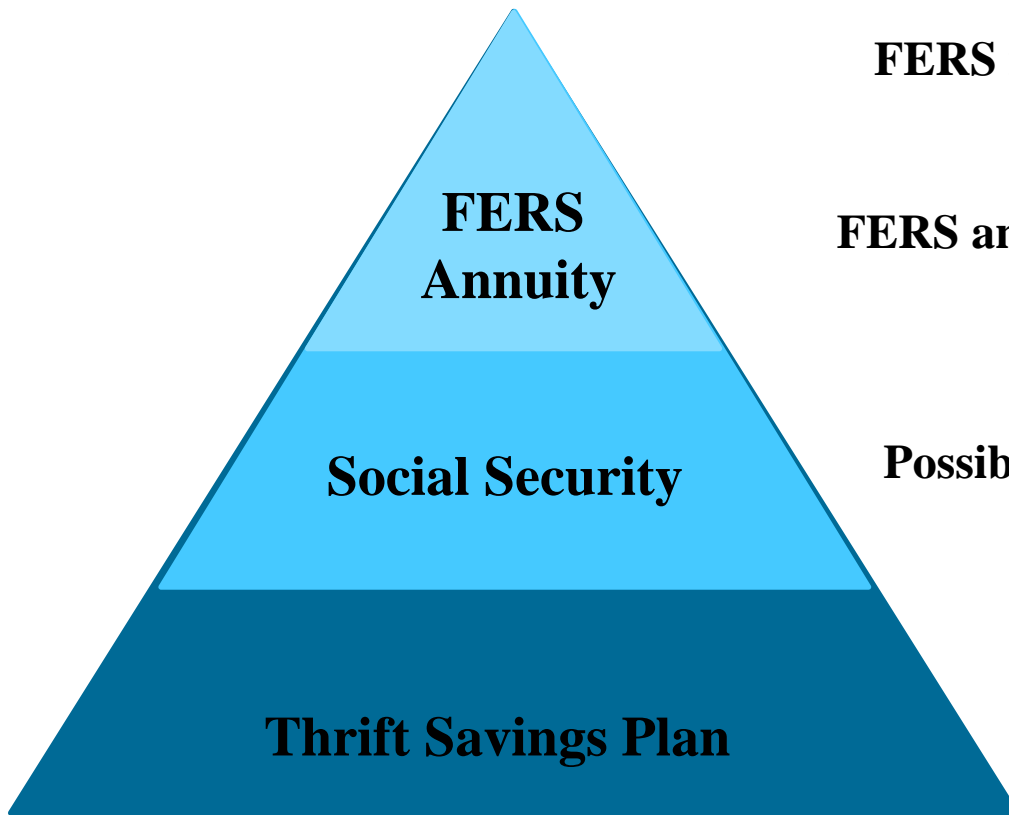
RETIREMENT SYSTEM	EMPLOYEE	GOVERNMENT
FERS	0.8%; Social Security	16.9%; Social Security
FERS-RAE	3.1%; Social Security	15.0%; Social Security
FERS-FRAE	4.4%; Social Security	15.0%; Social Security

# Federal Employee's Retirement System (FERS)

- **Contributes to Social Security**
- **New & rehired FERS automatically contribute 3% to TSP**
- **New employees are automatically enrolled in the Life Cycle Funds**
  
- **Employees may contribute up to IRS Limit (\$19,000 for 2019) to TSP; receive agency matching 5% if you contribute at least 5% of your salary. **MAXIMIZE your investment!!!****
- **Automatic 1% contribution regardless of TSP contribution rate**
  - **First 3% of your contributions are matched dollar-for-dollar**
  - **Next 2% will be matched at 50 cents to the dollar**



# Federal Employee's Retirement System (FERS)



**FERS is a 3-tiered retirement system**

**FERS annuity is the smallest component**

**Possible FERS Annuity Supplement**

**TSP WILL make up the largest portion of your total retirement**

# Types of Retirement



- **Optional Retirement**
- **Voluntary Early Retirement Authority (VERA)**
- **Discontinued Service Retirement (DSR)**
  - **Military Reserve Technician (MRT)**
- **Deferred Retirement**
- **Disability Retirement**
  - **Public Law 97-253 (National Guard dual-status disability retirement)**

# General Eligibility Requirements

- Have at least 5 years of creditable civilian service with the Federal government
- Meet Minimum Retirement Age (MRA)
- Must separate from a position subject to FERS coverage



# Minimum Retirement Age (MRA)

<b>If year of birth is...</b>	<b>The MRA is...</b>
<b>Before 1948</b>	<b>55</b>
<b>1948</b>	<b>55 &amp; 2 Months</b>
<b>1949</b>	<b>55 &amp; 4 Months</b>
<b>1950</b>	<b>55 &amp; 6 Months</b>
<b>1951</b>	<b>55 &amp; 8 Months</b>
<b>1952</b>	<b>55 &amp; 10 Months</b>
<b>1953-1964</b>	<b>56</b>
<b>1965</b>	<b>56 &amp; 2 Months</b>
<b>1966</b>	<b>56 &amp; 4 Months</b>
<b>1967</b>	<b>56 &amp; 6 Months</b>
<b>1968</b>	<b>56 &amp; 8 Months</b>
<b>1969</b>	<b>56 &amp; 10 Months</b>
<b>1970 &amp; After</b>	<b>57</b>

# Optional Retirement (Voluntary)

Age	Service Requirements
<b>MRA</b>	<b>30 years creditable service</b>
<b>60</b>	<b>20 years creditable service</b>
<b>62</b>	<b>5 years creditable service</b>

AGE	Service Requirements
<b>MRA (MRA +10)</b>	<b>10 years creditable service (5 years civilian)</b>
<b>5% PERMANENT Reduction</b>	<b>Each year under the age of 62</b>
<b>Annuity Supplement</b>	<b>NOT Entitled</b>

- ✓ **Annuity accrues the first day of following month of your retirement.**

## MRA + 10

### **Postponing Retirement Benefits**

- **You can reduce or eliminate the 5% age reduction by postponing the commencing date of your MRA+10**
- **FEHB and FEGLI coverage may be reinstated prospectively if at time of separation you were eligible to continue coverage into retirement**
- **Sick leave is creditable in the computation of the annuity**
- **Must elect to have annuity commence on any day after the first day of any month following separation up to and including the second day before turning age 62**

# Early Retirement

**Two types of early retirement options for FERS employees**

- **Voluntary Early Retirement Authority (VERA)**
- **Discontinued Service Retirement (DSR) (T5 NOT Eligible)**

# Voluntary Early Retirement Authority (VERA)

Age	Service Requirements
50	20 years creditable service*
Any Age	25 years creditable service*

- Agency / Installation must approve
- No age reduction under FERS for early retirement
  - ✓ If you have a CSRS component, CSRS portion of annuity will be reduced 2% each full year under age 55
- You will receive an annuity supplement if:
  - ✓ You retire at or after your MRA
  - ✓ If not, you will receive it **once you reach** your MRA

**\* Must include 5 years of creditable civilian service**



# Discontinued Service Retirement (DSR)

Age	Service Requirements
50	20 years creditable service
Any Age	25 years creditable service

- **Must receive a specific written notice of a proposed involuntary separation from your Agency/Installation**
- **No age reduction under FERS for early retirement**
  - ✓ **If you have a CSRS component, CSRS portion of annuity will be reduced 2% each full year under age 55**
- **Annuity starts day after separation**
- **You will receive an annuity supplement if:**
  - ✓ **You retire at or after your MRA**
  - ✓ **If not, you will receive it **once you reach** your MRA**
- **Not eligible for VSIP or severance pay**

# Military Reserve Technician (MRT)

- **T5 NOT Eligible**
- Involuntary separation is based on loss of military membership (not for cause).
- Eligible to receive immediate FERS annuity supplement regardless of MRA.

First hired <b>on/before 10-FEB-1996</b>	
Age	Service Requirements
50	25 years of creditable “Federal” service - Title 10 AD/temp service prior to 1-JAN-1989: service deposit used to achieve 25 years of creditable “Federal” service.

First hired <b>after 10-FEB-1996</b>	
Age	Service Requirements
50	20 years of creditable “military technician” service
Any Age	25 years of creditable “military technician” service

- **Military Technician service – time earned while in dual status**

# Deferred Retirement

Annuity for which an employee attains eligibility at a future date after separating from federal service

Age	Service Requirements
62	5 years creditable civilian service
MRA	10 years creditable service
MRA	30 years of service
60	20 years of service

- 5% age reduction for employees with less than 30 years of service and applies for a deferred annuity at MRA
- FEHB and FEGLI will **not** be reinstated at the time your annuity commences. Your application for retirement is sent directly to OPM.

**NOTE: NOT eligible for FERS Annuity Supplement**

\*\*\*Defer: Not eligible to retire vs. Post Pone: Eligible to retire but choose to hold off\*\*\*

# FERS Annuity Supplement

- An estimated amount of Social Security benefits earned during **FERS service**
- Benefits paid until age 62 to certain FERS employee who retire before age 62 and are entitled to an immediate annuity
- Duration of annuity supplement:
  - ✓ Payable through the earlier of the following dates:
    - Last day of the month you become age 62 or;
    - Last day of the month before the first month you are entitled to Social Security benefits

# **FERS Annuity Supplement (cont.)**

## **Eligibility:**

- **Has at least 1 calendar year of FERS service AND**
- **Retires with an immediate annuity**
- **At or after MRA under VERA / DSR**
- **Under Special Provisions (i.e. MRT, FF, LEO, ATC)**

## **Not eligible:**

- **Disability retiree**
- **MRA+10**
- **Deferred**
- **Retiring at age 62 or older**
- **CSRS**

# FERS Annuity Supplement (cont.)

Supplement is tested for earnings above the Social Security exempt amount (\$17,640 for 2019)

- Earnings include wages and self-employment income
- Income from severance pay (including VSIP), pensions, savings and investments are **NOT** subject to the earnings test.
- Annuity supplement will be offset by \$1 for every \$2 over this amount that is earned in 2017



# High-3 Average Salary

- **Weighted average of highest 3 years of basic pay (including locality pay/local market supplement)**
- **Must be 3 consecutive years**  
**(Usually the last 3 years)**
- **Is the highest salary, not the highest grade**
- **Normally, the beginning date of the 3rd year period is determined by subtracting 3 years from the date of retirement**



# Disability Retirement

- **Disability – Unable to render useful & efficient service because of disease or injury**

AGE	Service Requirements
Any Age	18 months creditable civilian service

- **Must be in a position covered by FERS**
- **Disability annuity IS subject to Federal tax**



# Special NG Disability Retirement Provision Public Law 97-253

## **T5 NOT Eligible**

*NG technician may be eligible if:*

- **Involuntarily separated due to medical disqualification**
- **Not found by OPM as meeting criteria for a “regular” disability retirement**
- **Not appointed to another Federal position**
- **Not declined a reasonable job offer**
- **Not eligible for a Military Reserve Technician (MRT) retirement**

# Disability Annuity Amount

**If under age 62 at separation:**

- **First 12 Months:**
  - ✓ **60% x high 3 salary – 100% of Social Security Benefits**
- **After 12 Months:**
  - ✓ **40% x high 3 salary – 60% of Social Security Benefits**
- **Disability annuity is recomputed at age 62 to an amount that represents the annuity you would have received if you had continued working until the day before your 62<sup>nd</sup> birthday and then retired under non-disability provisions**

**You will receive an “earned annuity” based upon the general FERS computation formula as opposed to disability calculation if:**

- **You are 62 years old or older**
- **Meet the age and service requirements for regular, unreduced immediate retirement (MRA with 30 years, age 60 with 20 years)**

# **Designation Of Beneficiary**

## **Beneficiary Forms:**

- **SF 1152 (Unpaid Comp)**
- **SF 2823 (FEGLI)**
- **SF 3102 (FERS)**
- **TSP 3 (TSP)**

## **Order of Precedence:**

- **Court Order**
- **Designation of Beneficiary**
- **Widow or Widower**
- **Children (and/or descendants of deceased children)**
- **Parents**
- **Executor or Administrator of Estate**
- **Next of Kin**

# Retirement Process

## 5 years prior to retirement eligibility:

- **Contact the Army Benefits Center-Civilian (ABC-C) for retirement estimate & information**
- **Call HRO/ABC-C with questions on retirement estimate**

## 180 days prior to retirement:

- **Complete the eRetirement forms on EBIS website**
- **Call HRO/ABC-C for help with the retirement forms**

## 90-120 days prior to retirement:

- **HRO conduct retirement review**
- **Mail original retirement forms to ABC-C**
- **Maintain personal copy**
- **Provide good retirement address & contact information**

# Retirement Process (Cont.)

## 30-60 days prior to retirement:

- Retirement package assigned to specialist

## ABC-C retirement specialist:

- Verifies required forms and documents
- Processes retirement package
- Provides final retirement counseling
- Retirement package is forwarded to DFAS

## 2 -4 weeks after retirement:

- Final paycheck is received
- Lump sum annual leave is paid
- VSIP payments if applicable

## Approx. 8 weeks after retirement:

- Receive 1<sup>st</sup> INTERIM payment
- Receive letter from OPM with CSA\* number

**\*CSA: Civil Service Annuitant Number**

**- CSA & password -> log on to OPM.gov**

**- Print monthly statement**

**- “retired MyPay”**

# Additional Information

## CONTACT THE ABC-C

- Toll Free 1-877-276-9287 FAX 1-785-240-6153

Select:

1= Army Civilian

2= DCMA Civilian

**3= National Guard**

4= Non-Appropriated Fund or Uniformed Service

Member

- Specialists are available from 6 am –5 pm CT  
(Monday through Friday except National Holidays)
- Website: <https://www.abc.army.mil>
- Mailing Address: 305 Marshall Avenue  
Ft. Riley, KS 66442

# References

**5 CFR 890 (FEHB)**

**5 CFR Part 894 (FEDVIP)**

**5 CFR Part 875 (FLTCIP)**

**FEHB Handbook**

**5 USC Chapter 89A & 89B (FEHB)**

**5 USC Chapter 90**

**5 USC 87 (FEGLI)**

**5 CFR 870 (FEGLI)**

**DODI 1400.25 Vol 870 (FEGLI)**

**Benefits Administration Letters (BALs) - OPM**

[www.opm.gov/insure/dentalvision/index.asp](http://www.opm.gov/insure/dentalvision/index.asp)

<https://www.opm.gov/retirement-services/>

<https://www.tsp.gov/>

**CSRS/FERS Handbook**

**5 CFR, Chapter 1 (CSRS/FERS)**

**5 USC Chapter 84 (CSRS/FERS)**

# Questions

